GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:1669
ANSWERED ON:07.08.2006
TASK FORCE FOR RURAL COOPERATIVE CREDIT SYSTEM .
Barad Shri Jashubhai Dhanabhai

Will the Minister of AGRICULTURE be pleased to state:

(a) Whether the Government has set up any Task Force to study the existing rural cooperative credit system of the country;

(b) If so, whether the Task Force has made its recommendations;

(c) If so, the details thereof; and

(d) If not, the time frame fixed for giving its recommendations?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA)

(a): Yes, Sir.

(b) & (c): In August 2004, Government of India constituted a Task Force under the Chairmanship of Prof. A. Vaidyanathan for suggesting measures for revival of Cooperative Credit Structure. The Task Force submitted its Report in Februrary, 2005 in respect of short term Cooperative Credit Structure. The main recommendations made by the Task Force are :-

(i) Special financial assistance of Rs.14,839 crore to wipe out accumulated losses and strengthen their capital base. The likely share of the Centre, State Government and the cooperative credit institutions in the assistance has been estimated at 53%, 31% and 16% respectively.

(ii) Institutional restructuring to make way for democratic, member driven, autonomous and self reliant institutions.

(iii) Radical changes in the legal framework to empower Reserve Bank of India (RBI) to regulate cooperative credit structure.

(iv) Qualitative improvement in personnel in all tiers and at all levels.

(v) State Government to make legislative amendments to enable RBI to exercise its regulatory powers under the Banking Regulations Act. The Task Force has suggested the draft Model Cooperative Law.

(vi) The State Governments should formally agree to participate in the revival package. The Scheme is to be kept open for a period of two years for the State Governments to decide on the participation. Release of funds should be linked to the progress by the State Government in actually implementing the revival package.

(vii) Since legislative amendments may take time, the State Governments should, in the meanwhile, enter into an appropriate MOU with the RBI, agreeing to desist from interfering directly or indirectly in the financial management of these banks.

(viii) All cooperative banks should be brought on par with the commercial banks as far as regulatory norms are concerned

(d): Does not arise.